
City of Fresno
Analysis of the Proposed Residential Solid Waste (RSW) Franchise
November 20, 2012

Comparison of RSW Franchise to other California Cities

1. *Please provide a list of the cities in California that have privatized residential solid waste disposal services? If possible, estimate the percentage of cities in California that offer private residential solid waste services and the percentage offering municipal services.*

While we do not have a complete database of all California cities and their residential solid waste services, our consultant, HF&H, has a database that includes information on 327 cities in California. Of the 327 agencies in California in the HF&H database, there are 292 (89%) that have private residential solid waste collection service and 35 (11%) that use municipal collection. Please refer to Attachment A – “Residential Collection Providers” for a listing of those agencies with private residential collection and those with public residential collection.

2. *Of the larger cities (over 100,000) in California who work under an exclusive franchise agreement for RSW, how many only use one provider exclusively for the entire city?*

Based on information in HF&H’s database, the following 37 cities have populations over 100,000 and have a private, city-wide, exclusive provider of residential services. Other large cities use a multiple provider approach (e.g. San Jose, Bakersfield, Stockton) or municipal collection (e.g. Los Angeles, Sacramento, San Diego).

Anaheim	Huntington Beach	Salinas
Antioch	Inglewood	San Bernardino
Carlsbad	Irvine	San Francisco
Chula Vista	Lancaster	Santa Ana
Concord	Moreno Valley	Santa Clara
Daly City	Norwalk	Santa Clarita
Downey	Oakland	Santa Rosa
El Monte	Oceanside	South Gate
Elk Grove	Orange	Sunnyvale
Fairfield	Palmdale	Vallejo
Fremont	Rialto	Victorville
Hayward	Richmond	West Covina

Bidding Process and Results

3. In the CSW RFP, we had 5 respondents. Why were there only four respondents to the RFP for RSW?

The CSW RFP had five respondents (Allied Waste, CleanScapes, Mid Valley, Sunset, and Waste Connections). CleanScapes and Waste Connections were the highest cost proposals in the CSW process and may have perceived that they would not be competitive in this process only a couple of years later. In addition, CleanScapes has since been acquired by a large regional company (Recology). An additional firm (Caglia Environmental) has expanded into the franchised solid waste collection marketplace in the Fresno area since the time of the CSW RFP and responded to the RSW RFP.

4. Why are MVD rate proposals so much lower than the City's rates?

Significant analysis and clarification of the proposal have been conducted to ensure the proposed rate structure is attainable and sustainable over the life of the franchise. The following table presents a variance analysis comparing the City's Adopted 2012 Expense Budget to MVD's combined operating costs for both north and south service areas.

Cost Category	MVD Proposed Costs	City FY2012 Budget	Variance
Labor Related Costs	\$4,155,803	\$8,876,600	(\$4,720,797)
Vehicle Related Costs	\$3,958,852	\$4,129,000	(\$170,148)
Vehicle Depreciation	\$661,904	\$2,870,000	(\$2,208,096)
Container Maintenance	\$1,237,160	\$1,179,400	\$57,760
General & Administrative	\$4,049,539	\$4,129,700	(\$80,161)
Disposal & Recycling Tipping Fees	\$5,790,565	\$7,011,900	(\$1,221,335)
Profit	\$1,222,892	N/A	\$1,222,892
Franchise Fee (MVD); Tree Trimming, Transverse Fees (City)	\$3,947,224	\$1,286,700	\$2,660,524
TOTAL	\$25,023,939	\$29,483,300	(\$4,459,361)

Based on a detailed review of these variances and discussions with MVD during their proposal interview, there are several factors contributing to MVD's ability to offer lower rates than their competitors:

1. Routing Efficiencies. MVD was able to eliminate approximately six routes per service area, compared to the City's current operation. This results in 19% fewer routes citywide, translating to savings in labor, fuel, and maintenance. See the table below comparing the City's current number of routes per day for each material type to that of each of the proposers.

Daily Routes	NORTH			SOUTH		
	SW	REC	ORG	SW	REC	ORG
<i>City Current</i>	11.5	9.4	10.2	11.5	10.6	10.8
Allied	11.0	10.0	10.0	11.0	10.0	10.0
Caglia	12.0	10.0	10.0	12.0	10.0	10.0
Mid Valley	11.0	8.0	7.0	11.0	8.0	7.0
Sunset	11.0	9.0	10.0	11.0	9.0	10.0

In their due diligence process for preparing their proposal, MVD conducted extensive monitoring of customer set-out rates (the number of customers who put out their cart each week) for each of the three materials (garbage, recycling, green waste) to determine operational need. The fewer customers that set out their containers on a given day, the more rapidly the driver can run their route. MVD found that fewer customers were setting out their green waste carts each week than the City was assuming. A similar pattern was identified with recycling containers, though the set-out rates for recycling were higher than the green waste set out rate. They talked with their drivers (who previously operated the residential routes when they worked for the City) who confirmed that the green waste routes were light except for three months of the year (October through December) and most customers simply do not place their container for service each week. These results are generally consistent with the City's findings when they last conducted a "set-out survey" in 2006.

MVD believes that they could reduce the daily routing for the green waste during 8-9 months of the year and, to a lesser extent, for the recycling year-round. This allows them to use the same labor pool to provide Operation Clean-Up services (which operates only 8-9 months per year) and seasonal high demand green waste collection services.

When the evaluation committee questioned each proposer about their due diligence in preparing their proposals, none reported conducting the level of due diligence that MVD reported.

2. Labor Savings. MVD has lower labor costs than the City's current operation and each of the other proposers. The most significant portion of the labor savings comes from the routing efficiencies identified above. The balance comes from the difference in wage rates between the City (between \$18.49 and \$22.48 per hour for a driver) and MVD (\$17.00 per hour for a driver) and benefits. It is worth noting that MVD provides comparable hourly wages to the other three proposers (see table below) and only Allied Waste provides significantly greater health and retirement benefits than MVD.

	City	AWS	CEF	MVD	SWS
Hourly Driver Wage	\$18.49 - \$22.48	\$16.73	\$17.25	\$17.00	\$17.00

3. Equipment Depreciation Costs. The City spends approximately \$2.9M per year on contributions to the equipment replacement reserves for the RSW operation. MVD is purchasing the City's vehicles and the existing containers at a significant savings relative to purchasing all new equipment. This allows them to depreciate those assets over the term of the franchise with less impact on the rates. HF&H has reviewed the detailed cost proposals from each firm and have confirmed that MVD's depreciation calculations support the full depreciation of all of the assets that MVD will

purchase from the City. In addition, the proposed depreciation budget is adequate to acquire some replacement equipment during the term of the contract as older trucks are retired.

4. Tipping Fees. MVD saves approximately \$1.2M per year compared to the City's FY2012 budget for tipping fees. A significant portion of this (~\$598,000) results from not paying Sunset Waste Paper \$17.93/ton to process recyclables. Another \$130,000 (approximately) of the savings results from a slightly lower tipping fee for green waste under the MVD proposal. The remaining savings results from an over-budgeting of that cost based on historical volumes that have declined significantly in recent years.

5. *The recommended hauler, Mid Valley Disposal, has offered a significantly lower rate than the other bidders. Please provide a thorough explanation of the disparity between the top two bids.*

The table below provides a detailed side-by-side comparison of the Allied Waste Services (AWS) and Mid Valley Disposal (MVD) proposals. The total difference between the proposals is approximately \$3.2M per year. The primary savings in the MVD proposal, as compared to the AWS proposal, are in the operations labor (~\$1.8M), vehicle-related cost (~\$0.6M), profit (~\$0.4M), and city fee (~\$0.6M) categories.

The labor and vehicle-related savings result primarily from the significant reduction in routing assumed by MVD (52 routes/day) compared with AWS (62 routes/day). Additional savings in those categories result from differences in assumptions about the level of effort for Operation Clean-Up (OCU) where MVD assumed 4,680 labor hours per year and AWS assumed 7,410 labor hours per year (using proposed values for the North area). The differences in OCU operating assumptions are significant and are part of MVD's strategy for performing OCU 8-9 months per year and then using those same forces to assist with green waste and recycling collection activities during the other 3-4 months per year.

The savings in profit are the result of two factors: 1) AWS proposed an operating ratio of 91% (similar to 9% profit on operating costs) versus MVD's proposal for an operating ratio of 92% (~8% profit on operating costs); and, 2) AWS proposed higher operating costs than MVD. Since profit is calculated on operating costs, this results in higher profit.

The savings in City fees are the result of two factors: 1) AWS proposed a contract management and enforcement fee of 1% compared with MVD's proposal at 0.5%; and, 2) AWS proposed higher total cost before city fees, since city fees are calculated based on total costs, this results in higher city fees.

	AWS	MVD	MVD Over/ (Under) AWS
Annual Cost of Operations			
Labor-Related Costs	\$6,093,136	\$4,271,701	(\$1,821,435)
Vehicle-Related Costs	\$2,065,656	\$1,497,500	(\$568,156)
Fuel Costs	\$1,798,224	\$2,067,104	\$268,880
Other Costs	\$531,411	\$537,388	\$5,977
Direct Depreciation	\$1,621,353	\$1,763,421	\$142,068
Total Allocated Costs - Labor, Vehicle, Fuel & Other	\$4,285,396	\$4,102,666	(\$182,730)
Total Allocated Costs - Depreciation & Start-Up	\$247,429	\$65,592	(\$181,837)
Total Annual Cost of Operations	\$16,642,605	\$14,305,372	(\$2,337,233)
Profit	\$1,630,415	\$1,243,945	(\$386,470)
Pass-Through Costs			
Disposal Cost	\$4,017,413	\$4,165,740	\$148,327
Net Processing Costs	\$1,678,054	\$1,804,113	\$126,059
Interest Expense	\$720,408	\$571,922	(\$148,486)
Direct Lease Costs	\$0	\$0	\$0
Total Allocated Costs - Lease	\$0	\$0	\$0
Total Pass-Through Costs	\$6,415,875	\$6,541,775	\$125,900
Total Costs before City Fees*	\$24,688,896	\$22,091,092	(\$2,597,803)
City Fees			
Franchise Fee	\$4,356,864	\$3,898,428	(\$458,436)
Contract Monitoring and Enforcement Fee	\$293,392	\$130,601	(\$162,791)
Total City Fees	\$4,650,255	\$4,029,029	(\$621,227)
Total Proposed Annual Costs	\$29,339,151	\$26,120,121	(\$3,219,030)

Proposed Rates

6. MVD is showing a projected 16.2% rate reduction for North Fresno and an 18.1% rate reduction for South Fresno. What would be the rate savings for doing the entire city?

MVD has offered to provide citywide rates if awarded a citywide contract and has stated that the percentage rate reduction would be between the 16.2% and 18.1% reductions proposed for each area. We are now in the process of negotiating a citywide rate.

7. *Rates will immediately be dropped by between 16.2% and 18.1% in the first year and increases are capped moving forward. How are rate adjustments determined in years 2 through 9 of the franchise?*

There are two components of the rates that can be adjusted. The first is the franchisee's compensation and the second is the "pass-through" costs associated with the CARTS facility and American Avenue Landfill. The franchisee portion of the rate is adjusted by either an inflationary approach (that considers employment, fuel, and general cost indices) or a cost approach (that considers all of the contractor's costs). With respect to the franchisee's portion of the rate, the adjustment schedule and percentage "caps" are as follows. This represents an average increase of 2.5% a year over the life of the franchise.

Rates Effective	Adjustment Type	Max. % Change
3/1/13	Proposed Rates	N/A
1/1/14	No Adjustment	0%
1/1/15	Index-Based	2%
1/1/16	Index-Based	2%
1/1/17	Cost-Based	5%
1/1/18	Index-Based	3%
1/1/19	Index-Based	3%
1/1/20	Index-Based	3%
1/1/21	Cost-Based	5%

8. *How do these rate adjustments compare to past City increases?*

The 2011 Utility Advisory Committee report shows the 26-year rate history for the City's solid waste, water and wastewater. Based on those statistics, the average annual solid waste annual increase over 26 years is 3.6% per year. And, over the last 10 years, the annual rates increased an average of 4.5%. During the last 10 years of rate increases, there were no bond issuances for solid waste and no significant capital expenditures (heavy trucks are purchased on a yearly basis from a dedicated reserve fund and recycling blue carts were purchased in 1999-2000).

The primary factor in increasing rates over the last 10 years has been labor costs. The average solid waste driver has a 40.8% higher cost for compensation in FY 2012 compared to 2003. However, 10.21% of that comes from the difference in how retirement charges were calculated in 2003 vs. 2012.

	"E" Step Salary	Pension Rate	Health & Welfare
FY 2012	\$46,764.00	10.21%	\$9,456.00
FY 2003	\$37,788.00	0.00%	\$5,532.00

9. *MVD is offering an additional rate reduction for its 1,400 apartment CSW clients. How much is this rate reduction expected to be? Will it only impact apartment complexes south of Ashlan because Allied does CSW north of Ashlan?*

MVD's specific proposal is to allow multi-family cart customers, in complexes of 10 or more units, to receive the same 96-gallon service and pricing as a single-family resident. The offer only applies to multi-family customers in MVD's service area (South of Ashlan).

The table below details the current rate paid for each cart and compares it to the proposed rate (which includes all three carts). Each customer saves \$17.11 to \$23.37 per garbage cart on their account. Individual customers that would benefit from this have between 10 and 300 units in service.

Service Level	Current CSW Rate (Monthly)	MVD Proposed Rate (Monthly)	Per Unit Savings
64-Gallon	Trash - \$12.50 Recycle - \$9.99 Green - \$15.40	Trash, Recycle, and Green - \$20.78	\$17.11
96-Gallon	Trash - \$18.76 Recycle - \$9.99 Green - \$15.40	Trash, Recycle, and Green - \$20.78	\$23.37

Contingency Planning

10. *With only one hauler, what are the City's options for providing services if the hauler defaults on the franchise or for some reason is incapable of delivering daily services?*

It is very unlikely that the contractor would default on their obligations to provide service under the contract with the City. Such defaults are extremely rare in the solid waste industry. In addition, the City will be closely monitoring the franchisee's performance and financial condition throughout the term of the agreement. Such monitoring will allow the City to identify signs of problems well before they happen and work with the franchisee to implement corrective actions to prevent the problems.

In the unlikely event that the franchise hauler was to default, the City has a number of remedies available to ensure that services continue to be provided to customers. The contract provides the city with the following remedies:

1. A performance bond that will provide more than \$6 million in funds for the City to use to facilitate the provision of emergency service.
2. Use of the franchisee's equipment and personnel to provide services under the City's or a third-party's direction during the period of a transition.
3. The right to purchase the contractor's equipment (trucks and carts) at net book value at the end of the contract, regardless of whether a default exists.

In addition to these remedies, the City would have the ability to draw on the expertise and services of the numerous other private garbage companies that operate in and around Fresno County. There are currently twelve such private companies providing franchised residential services to other communities within Fresno County. Among those are the three largest publicly traded solid waste

management companies in the United States who would be willing and able to deliver prompt assistance in the event of a default by the City's franchisee.

11. What happens to West Coast Waste and other green waste contractors if MVD assumes RSW services?

Initially, MVD will continue to use both of the City's current providers for green waste processing. MVD is currently investing in a state of the art composting facility on land adjacent to their recycling facility. That development will proceed regardless of the outcome of this RFP process. Once the improvements to that facility are complete in mid-2014, MVD proposes to process the City's material directly. MVD's new facility will be the first compost facility in the Central Valley that is approved under the San Joaquin Air Pollution Control District's strict new emissions reduction requirements for compost facilities. This facility will also allow the city's residents to place their food scraps into their green waste containers so that those food scraps can be recycled into the Central Valley's agricultural industry rather than dumped in a landfill where they generate methane and other emissions. Implementing this program follows Fresno's Zero Waste Strategic Plan and allows the City to retain its leadership position in recycling, bringing it in line with cities like San Francisco, Oakland, Portland, and Seattle. The current vendors cannot provide this program to the City without significant and costly upgrades to their operations.

12. On Article 13, pages 77 & 78 of the Franchise Agreement, the contractor is provided to have a performance bond equal to 25% of the annual revenue. The language states "such bond shall be renewed annually if necessary....." Is 25% of annual revenue sufficient in the event of a default? What is the industry standard for performance bonds?

The "renewed annually if necessary" language accounts for the potential for either annual or multi-year bonds. A multi-year bond would not need to be renewed annually but an annual bond would. The contractor is required to have a valid performance bond on file with the City throughout the term of the agreement. The industry standard for performance surety ranges from 1 to 3 months worth of revenue, but varies widely based on differences in risk management policies among communities. The more conservative three months of revenue (25% of annual revenue) was used here.

13. If the City is required to terminate the contract based upon a contractually defined default it has the right to purchase all equipment at net book value. Where will the money come from if it becomes necessary to re-purchase trucks and other equipment? Many of the existing trucks are old and in a few years may need replacing. Where would we find the funds to purchase new vehicles?

If the contract is terminated based on a failure to perform, the City would have many options for funding the equipment purchase, the most logical are: 1) use the remaining fund balance in the RSW enterprise to purchase the assets (unless that reserve is exhausted for some other purpose); 2) use the proceeds of the performance bond to acquire equipment; or, 3) allow a replacement private operator to purchase that equipment (using the City's option) from the defaulting firm at the remaining book value.

14. What are the liquidated damages in Section 13.5 page 81?

Please refer to the attached Exhibit G from the draft franchise agreement.

15. What happens if a customer becomes delinquent on their bill?

In the event a customer should refuse service or become delinquent on their account, the Hauler must notify the City. Should the customer not remain current on their bill, the Hauler has to use

reasonable efforts to correct that delinquency. In the event the delinquency is not cured, the Hauler can terminate service and the City has the authority through code enforcement to ensure the customer's solid waste is appropriately disposed of.

Information about the Recommended Private Hauler – Mid Valley Disposal

16. Mid Valley Disposal (MVD) is a California Corporation headquartered in Kerman, California. Please provide a list of other cities or public entities that MVD provides solid waste pickup, transfer stations or recycling.

Attachment B – “Other MVD Service Areas” is an excerpt from Mid Valley’s proposal that describes the other public entities they provide service to.

17. The financial condition of MVD is critical to accepting their proposal for citywide services. Have you asked for complete financial disclosure for MVD or any other provider selected?

Financial statements for 2010 and 2011 were submitted to HF&H under confidential cover by each of the firms. HF&H has reviewed the financial statements of each of the firms who proposed on this RFP and compared their current ratio (current assets/current liabilities); quick ratio (cash + accounts receivable/current liabilities); debt-to-equity ratio (liabilities/owners equity); and, profit margins (profit before taxes/total sales) to industry averages for other businesses of their size using the “Financial Ratio Benchmarks” for “Solid Waste Collection” businesses published by the Risk Management Association for 2011.

With respect to Mid Valley:

- Their “Current Ratio” and “Quick Ratio” both exceed industry averages. This result is a positive indicator of the company’s ability to pay its obligations.
- Their “Debt to Equity Ratio” is below industry averages. This result is a positive indicator of the company’s financial safety and borrowing flexibility.
- Their “Profit Margin” is in line with industry averages (slightly above in 2011, slightly below in 2010) demonstrating the ability of ownership to profitably manage their company.
- Their financial condition is generally stronger (as measured by these ratios) than SWS and CEF. Comparisons with AWS cannot be fairly made due to the significant difference in the size of the two firms, though the ratios show MVD to outperform AWS in three of the four areas.

Terms of the Franchise

18. The RFP document (page 15) details the value of the vehicles and carts at \$12,171,250. Does this cost reflect market values?

The value listed in the original RFP was corrected through Addendum #3 to the RFP. MVD will pay the City a total of \$13,324,029 for the assets (vehicles and containers) that the City is divesting. The pricing for the assets sold in the RSW RFP are generally consistent with the pricing used under the CSW franchises. This is discounted pricing and is intended to provide value to the rate payers by minimizing the initial capital requirement and ongoing depreciation expense resulting from the

acquisition of these assets. MVD's proposal specifically states that they considered this discounted value and were able to reduce rates as a result.

19. *Why is the term of the contract 8 years and 9 months (page 14)? Why not 10 years? Can we include a mid-term (5 year) review and have the option to terminate the contract based upon either performance levels or excessive price adjustments?*

The contract term was set at 8 years and 9 months to make the RSW contract(s) coterminous with the CSW contracts. This allows the City Council the greatest flexibility to evaluate the franchise system and make adjustments to it based on experience gained during the 10 years of the CSW agreements.

The RSW agreement provides the same performance and franchise system reviews as the CSW agreements and provides for them to be performed at the same time, so that the City Council will gain the benefit of evaluating the entire franchise system, rather than considering performance evaluations of one portion at a time. Included in these performance reviews are the same early termination provisions that exist in the CSW agreements.

City's Current RSW Reserve

20. *What will happen with the RSW enterprise reserve fund?*

Ultimately, the City Council will decide on the use(s) of these funds. The administration, city management, legal counsel, and the consultant have identified a number of potential options for the use of the reserve and are working to identify the legal and/or practical implications of each. In general, the RSW's enterprise reserve fund has to be used in a manner that is beneficial to the ratepayer and consistent with Proposition 218. Once those various options have been analyzed and the practical and legal implications are more thoroughly understood, staff will bring options and a recommendation to the City Council for their consideration.

Personnel and Labor Related Issues

21. *MVD has guaranteed job offers for all displaced RSW workers for one year. Does that include non-driving positions like mechanics or administrative personnel? What are the statistics for City worker retention for both MVD and Allied from the CSW experience?*

The MVD offer of employment includes all of the positions listed in the table below which includes supervisory, driver, and support positions.

During the CSW transition, MVD reports making 31 offers of employment, with 20 of those offers accepted. They report that two people have left voluntarily and two have been terminated for cause. They hired four additional displaced city employees (who they were not required to hire) to meet their operational needs. MVD has stated that they will not be releasing any of the employees they acquired during the CSW transition. In fact, they plan to provide a 5% hourly wage increase for those employees on their one year anniversary in December.

Allied reports making 20 offers of employment with 16 of those accepted. They report that one person has resigned and two have been terminated for cause. Allied has indicated that they may have to release five of the former city employees that they acquired during the CSW transition on December 6, 2012. This reduction in staffing needs results from their loss of other franchise operations in the area.

Position Description	RSW	Operation Clean UP
Account Clerk II	4	0
Accountant-Auditor II	1	0
Administrative Clerk II	2	0
Community Sanitation Sup I	0	2
Customer Services Clerk II	6	0
Heavy Equipment Operator	0	3
Laborer	3	9
Management Analyst II	2	0
Management Analyst III	1	0
Park Equipment Mechanic II	0	0
Principal Account Clerk	1	0
Program Compliance Officer	0	0
Programmer/Analyst III	2	0
Radio Dispatcher	1	0
Senior Account Clerk	2	0
Senior Administrative Clerk	3	0
Senior Customer Services Clerk	1	0
Senior Secretary	1	0
Solid Waste Manager	1	0
Solid Waste Safety/Train Spec	1	0
Solid Waste System Supervisor	6	0
Staff Assistant	5	0
Street Sweeper Operator II	0	1
Utility Leadworker	0	0
Waste Collector Leadworker	90	9
Waste Container Maint Asst	2	0
Total Employees	135	24

22. During the November 8th workshop, the staff showed a wage and benefit comparison among the four bidders. How does the City wage and benefit figures compare with the four providers?

The table from the staff report has been expanded (below) to include a column to include the City's wages and benefits in the comparison.

	City	AWS	CEF	MVD	SWS
Labor Arrangements	Operating and Sanitary Engineers Local 39	Teamsters Local 431	None	None	None
Hourly Driver Wage	\$18.49 - \$22.48	\$16.73	\$17.25	\$17.00	\$17.00
Health Insurance Coverage	PPO Plan; Employee Pays 20% of Employee Premium	HMO & PPO Plans; Employee Pays 5% of Employee Premium	HMO & PPO Plans; Employee Pays 33% of Employee Premium	HMO & 2 PPO Plans; Employee Pays 0% of Employee Premium	PPO Plan; Employee Pays 0% of Premium
Retirement Program	City pays 12.63%; Employee pays 8.48% of gross wages	Pension: \$3.05/hour paid by company	401(k): 50% matching up to 6%	401(k): 100% matching up to 4%	None identified

23. *In reviewing the City's information on overtime for RSW drivers, it appears that they put in less than 40 hours per week and still receive overtime pay. Please explain. How much money does the average RSW driver make per year? Is this the reason that the City pays 21-26% more in wages and benefits than the private sector (as stated in the 7-10-12 HF&H Report to the City on page 2)? How much of that disparity is based on overtime pay and other work practices?*

The 21-26% difference referenced in the HF&H report only reflects the difference in hourly wages between the City and private haulers and does not consider either benefits or overtime. The illustration provided below documents the average pay to solid waste drivers and indicates how much of that pay is associated with the "task" system.

\$38,945.00 Base pay for actual time worked
\$7,813.00 Base pay for time not worked (TASK)
 \$46,758.00 Total Base Pay (\$22.48/hour X 2080 hours)

\$5,281.00 Average Overtime triggered by TASK
\$2,827.00 Average Overtime non-TASK
 \$8,108.00 Total Overtime (17.34% of Total Base Pay)

\$54,866.00 Average Base Pay + Overtime

24. *The feasibility study presented by HF&H in July showed significant labor cost savings between private haulers and City RSW employees. In reviewing data on the City's RSW employees, it appears that drivers can put in less than 40 hours per week and be paid over time. Is this true? If so, how many hours per week does the average RSW driver work and much overtime pay does the average worker make per year? Do the RSW drivers use a task system similar to the CSW drivers that allows them to complete their routes in 4-5 hours and take another route and get paid 2-4 hours overtime for working an 8-hour day?*

It is true that drivers can put in less than 40 hours per week and be paid overtime. As noted above, the labor agreement with Local 39 contains the same "task" system as was used with the CSW drivers. Over the last two years, RSW drivers on average, have taken more than 291 hours or approximately 5.6 hours per week of non-productive time due to illness or work related injuries and does not include any additional time taken for scheduled leaves such as vacation or holidays. Conversely, over the same two year period, a RSW driver worked 218 hours of overtime annually, which equates to approximately 4.2 hours per week overtime. In other words, a RSW driver has missed 5.6 hours of work each week due to illness or injury, while still earning 4.2 hours of overtime in the week.

25. *With the exception of pension benefits, MVD appears to offer better wages and benefits than the other providers. Please confirm that their employees do not pay anything for their health care costs.*

MVD offers three health insurance programs (an HMO and two PPO). One of the PPO programs requires no payroll deduction and all employees participate if they do not elect for a different program. That program covers the employee and has a deductible of \$3,500 per year. Employees have the option of adding spouses or dependents and opting for lower deductible or co-pay based programs at the employee's cost. MVD's health benefit program is comparable to Caglia's or Sunset's in terms of overall value to the employee. Allied's health benefit program offers the greatest value among those proposed.

City of Fresno
Residential Solid Waste Procurement
Summary of California Jurisdictions' Service Provider Approach

Private Service Providers							Public Service Providers	
City of Agoura Hills	City of Carson	El Dorado Hills CSD	City of Huron	City of Maricopa	City of Pacific Grove	City of San Bruno	City of Suisun City	City of Berkeley
City of Alameda	City of Ceres	City of El Monte	City of Imperial Beach	City of Marina	City of Pacifica	City of San Carlos	City of Sunnyvale	City of Beverly Hills
City of Albany	City of Cerritos	City of El Segundo	City of Indio	City of Marina	City of Palm Desert	City of San Dimas	City of Susanville	City of Brentwood
City of Alhambra	City of Chowchilla	City of Elk Grove	City of Inglewood	City of Martinez	City of Palmdale	City of San Fernando	City of Taft	City of Burbank
City of American Canyon	City of Chula Vista	City of Emeryville	City of Irvine	City of Marysville	City of Palo Alto	City of San Francisco	City of Tehachapi	City of Claremont
City of Anaheim	City of Citrus Heights	City of Encinitas	City of Irwindale	City of Maywood	City of Palos Verdes Estates	City of San Gabriel	City of Temple City	City of Clovis
City of Angels Camp	City of Clayton	City of Escalon	City of Kerman	City of McFarland	Town of Paradise	City of San Jose	Town of Tiburon	City of Culver City
City of Antioch	City of Clear Lake	City of Eureka	City of Kingsburg	City of Mendota	City of Paramount	City of San Juan Bautista	City of Tracy	City of Delano
City of Arcadia	City of Cloverdale	City of Exeter	City of La Canada Flintridge	City of Menlo Park	City of Parlier	City of San Leandro	Town of Truckee	City of Folsom
City of Arcata	City of Coalinga	Town of Fairfax	City of La Mesa	City of Mill Valley	City of Patterson	City of San Marcos	City of Turlock	City of Glendale
City of Artesia	Town of Colma	City of Fairfield	City of La Mirada	City of Millbrae	Pebble Beach CSD	City of San Mateo	City of Ukiah	City of Hanford
City of Arvin	City of Commerce	City of Farmersville	City of La Puente	City of Milpitas	City of Petaluma	City of San Pablo	City of Union City	City of Lemoore
Town of Atherton	City of Compton	City of Ferndale	City of La Quinta	City of Monrovia	City of Pico Rivera	City of San Rafael	City of Vacaville	City of Long Beach
City of Atwater	City of Concord	City of Firebaugh	City of La Verne	City of Monte Sereno	City of Piedmont	City of San Ramon	City of Vallejo	City of Los Angeles
City of Auburn	City of Corcoran	City of Fort Bragg	City of Lafayette	City of Montebello	City of Pinole	City of Sand City	City of Vernon	City of Manteca
City of Avalon	City of Corning	City of Foster City	City of Laguna Niguel	City of Monterey	City of Pittsburg	City of Santa Ana	City of Victorville	City of Merced
City of Avenal	City of Coronado	City of Fremont	City of Lakewood	City of Monterey Park	City of Placerville	City of Santa Clara	City of Vista	City of Oxnard
City of Azusa	Town of Corte Madera	City of Galt	City of Lancaster	City of Moraga	City of Pleasant Hill	City of Santa Clarita	City of Walnut	City of Pasadena
City of Baldwin Park	City of Cotati	City of Gardena	City of Larkspur	City of Moreno Valley	City of Pleasanton	City of Santa Fe Springs	City of Walnut Creek	City of Pomona
City of Bell	City of Covina	City of Gilroy	City of Lathrop	City of Morgan Hill	Town of Portola Valley	City of Santa Rosa	City of Waterford	City of Porterville
City of Bell Gardens	City of Cudahy	City of Glendora	City of Lawndale	City of Mountain View	City of Rancho Cordova	City of Santee	City of West Covina	City of Redding
City of Bellflower	City of Cupertino	City of Gonzales	City of Lincoln	City of Napa	City of Rancho Palos Verdes	City of Saratoga	City of West Hollywood	City of Reedley
City of Belmont	City of Daly City	City of Gridley	City of Lindsay	City of National City	City of Redwood City	City of Sausalito	City of West Sacramento	City of Ripon
City of Belvedere	City of Dana Point	City of Gustine	City of Live Oak	City of Newark	City of Rialto	City of Scotts Valley	City of Westlake Village	City of Roseville
City of Benicia	Town of Danville	City of Half Moon Bay	City of Livermore	City of Newman	City of Richmond	City of Seaside	City of Whittier	City of Sacramento
City of Blue Lake	City of Davis	City of Hawaiian Gardens	City of Livingston	City of Norwalk	City of Ridgecrest	City of Sebastopol	City of Willows	City of San Diego
City of Bradbury	City of Del Mar	City of Hawthorne	City of Lodi	City of Novato	City of Rio Dell	City of Selma	Town of Windsor	City of Sanger
City of Brisbane	City of Del Rey Oaks	City of Hayward	City of Lomita	Novato Sanitary District	City of Rio Vista	City of Sierra Madre	City of Winters	City of Santa Cruz
City of Burlingame	City of Dinuba	City of Healdsburg	Town of Loomis	City of Oakdale	City of Riverbank	City of Signal Hill	City of Woodlake	City of Santa Monica
City of Calexico	City of Dixon	City of Hercules	City of Los Altos	City of Oakland	City of Rocklin	City of Solana Beach	City of Woodland	City of Shafter
City of California City	City of Dos Palos	City of Hermosa Beach	Town of Los Altos Hills	City of Oakley	City of Rohnert Park	City of Sonoma	Town of Woodside	City of Torrance
City of Calistoga	City of Downey	City of Hesperia	City of Los Banos	City of Oceanside	City of Rolling Hills Estates	City of South El Monte	City of Yountville	City of Tulare
City of Camarillo	City of Duarte	City of Hidden Hills	Town of Los Gatos	City of Orange	City of Rosemead	City of South Gate	City of Yuba City	City of Visalia
City of Campbell	City of Dublin	Town of Hillsborough	City of Lynwood	City of Orange Cove	Town of Ross	City of South Pasadena		City of Wasco
City of Capitola	City of East Palo Alto	City of Hollister	City of Madera	City of Orinda	Ross Valley San. Dist.	City of S. San Francisco		City of Watsonville
City of Carlsbad	City of El Cajon	City of Huntington Beach	City of Malibu	City of Orland	City of Salinas	City of St. Helena		
City of Carmel-By-The-Sea	City of El Centro	City of Huntington Park	City of Manhattan Beach	Oro Loma Sanitary District	City of San Bernardino	City of Stockton		

1 Company Description

1.2 Description of Proposer's Experience

The objective of *Section 1.2* is to document MVD's experience in providing solid waste collection and management services similar to those the City of Fresno has requested in its *RFP*. This information is relayed through a series of five profiles located at the end of this subsection that document MVD's current collection contract statistics. All municipal customers—including those administering commercial contracts only are listed below. More information is provided on five municipal customers to serve as official references in this section; however, MVD invites the City to contact any reference on this page to inquire about the quality of MVD's service. MVD's current service area is shown on the map following this listing.

City of Avenal

Since 2000

Current Recycling Rate: 61%

City Manager - Melissa Whitten avenalcm@cityofavenal.com
Phone (559) 386-5766

City of Coalinga

Since 2004

Current Recycling Rate: 55%

City Manager – Darrel Pyle dplye@coalinga.com
Phone (559) 935-1533

City of Fresno

Since 2011

Current Recycling Rate:

Contract Manager – Jerry Schuber jerry.schuber@fresno.gov
Phone (559) 621-1801
Commercial Collection Services – South District

City of Huron

Since 2001

Current Recycling Rate: 53%

City Manager – Jerry Forde gforde415@yahoo.com
Phone (559) 945-2241

City of San Joaquin

Since 2001

Current Recycling Rate: 52%

City Manager – Cruz Ramos cruzramos@sebastiancorp.net
Phone (559) 693-4311

City of Mendota

Since 2003

Current Recycling Rate: 32%

City Manager – Bryce Atkins citymanager@ci.mendota.ca.us
Phone (559) 266-6456

City of Kerman

Since 2008

Current Recycling Rate: 51%

City Manager – Luis Patlan lpatlan@cityofkerman.org
Phone (559) 846-9450

City of Firebaugh

Since 2009

Current Recycling Rate: 54%

City Manager – Laura Weyant citymanager@ci.firebaugh.ca.us
Phone (559) 659-2043

MVD operates by permit in the following rural areas:

Armona Community Service District

Since 2008

Kings County Unincorporated

Since 2000

Fresno County Unincorporated

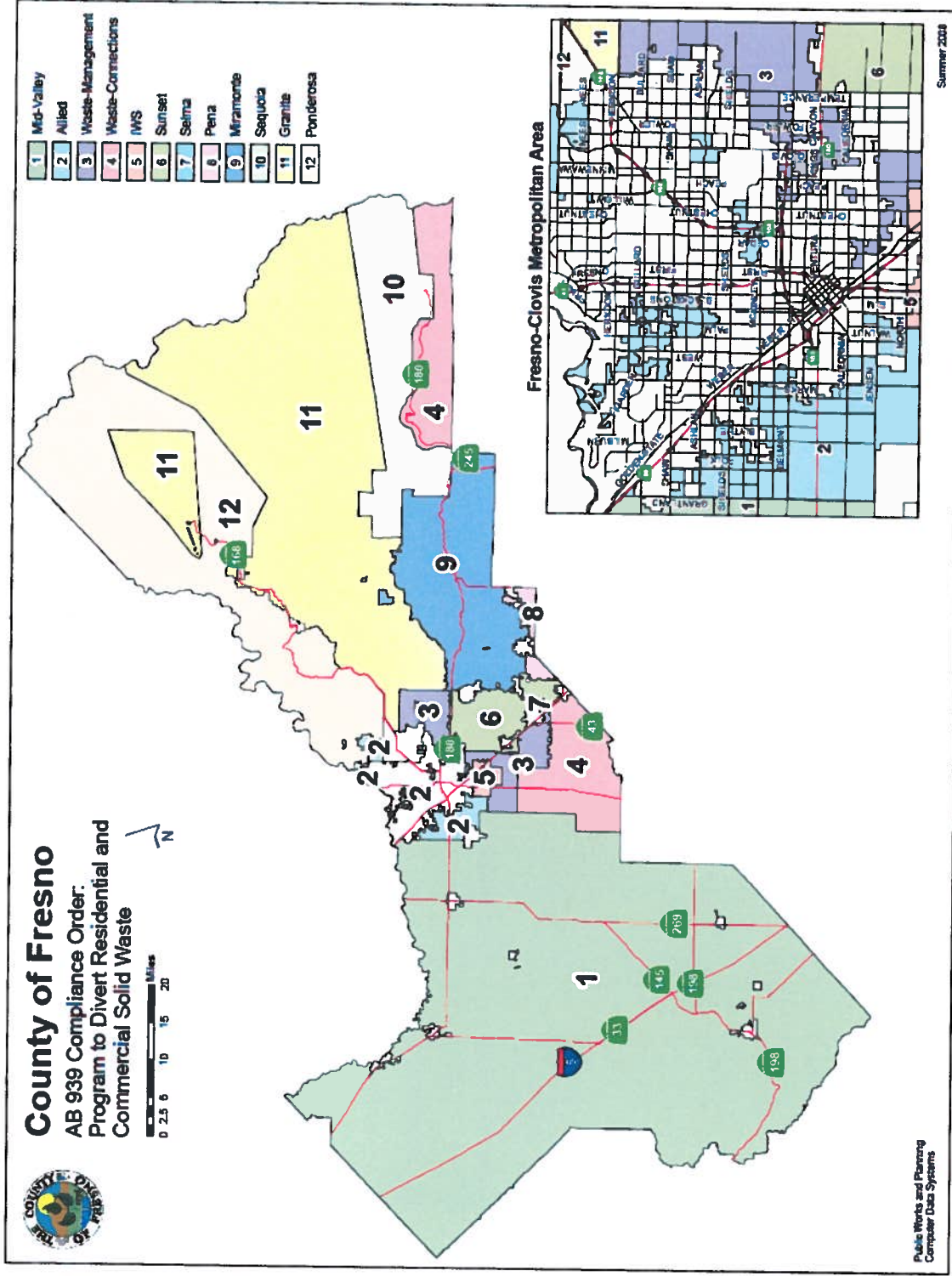
Since 2006

Kettleman Community Service District

Since 2006

Although not all of MVD's residential contracts are profiled later in this section in keeping with the City's request to provide three to five references, the following table provides summary data on all residential accounts serviced.

Jurisdiction	Residential Accounts
Armona Community Service District	1098
City of Avenal	1728
Coalinga	3400
City of Firebaugh	1250
Fresno County Unincorporated	1793
City of Huron	675
City of Kerman	2801
Kettleman Community Service District	410
County of Kings	2182
City of Mendota	1200
City of San Joaquin	620
Total Residential Customers	17,157



It is also important to note that each of the above contracts was obtained through dedication, vision, and hard work. In 2000 MVD strategized a five-, ten, and 15-year growth plan in which the Company



completed in just five years. Its goal: to establish long term contracts with each of the five cities in Western Fresno County and to secure a permit to operate in the rural areas. With that objective met, MVD developed a state-of-the-art material recovery facility and transfer station in Kerman, which is now being expanded to include integrated organics processing.

MVD has made a thorough review of the *RFP* to ensure it meets the City of Fresno's stated qualifications and that the Company can assist the City in meeting its zero waste objectives. MVD believes that it is well-

equipped to take on the scope of work conveyed in the *RFP*, and that the creative ideas outlined in this proposal will enable the City to reach its diversion goals as well.

The following is a list of services MVD currently provides to its customers:

- ✓ Residential recycling and organics collection and processing services.
- ✓ Residential solid waste collection services.
- ✓ Commercial recycling collection and processing services.
- ✓ Commercial solid waste collection services.
- ✓ Bulky item collection and reuse facilitation, recycling, or disposal.
- ✓ Community clean-up events (high diversion)
- ✓ Public education and outreach
- ✓ Construction and demolition recycling

And, especially for this City of Fresno project, MVD is providing additional value through the implementation of several enhancements, such as curbside collection of textiles in order to facilitate the City's goal of 75 percent diversion. This is discussed in the *Public Education and Outreach Plan*.

MVD has provided five residential references on the following pages.



City of Avenal

The City of Avenal is the largest city in Kings County with a population of 15,505 and encompassing 19.4 square miles. MVD provides a full range of residential collection services which include a true organics program. In addition to the residential collection services provided, MVD also provides commercial solid waste and recycling collection and provides roll-off service.

Sector/Program	Materials Collected	Units Served/ Annual Tons	Equipment Used/ Collection System	Processing/Transfer/ Disposal Site
RESIDENTIAL PROGRAM INFORMATION				
Residential Single-family Solid Waste Collection	MSW	1728/ 2008.70 tons	(1) Automated Side-loader vehicles; 96-gallon carts	Avenal Landfill
Residential Single-family Recycling Collection and Processing	Newspaper; mixed paper; OCC; glass bottles/jars; tin/aluminum cans; plastics 1-7; scrap metal.	1728/ 624.25 tons	(1) Automated Side-loader vehicles; 96-gallon carts	Mid Valley MRF
Residential Multi-family Recycling Collection and Processing	Same as above.	24 complexes - 725 units/ Tons included in SFD figure	Shares SFD collection equipment, above.	Avenal Landfill
Residential Organics Collection	Clean yard waste mixed with food waste.	1728/ 806.54 tons	(1) Automated Side-loader vehicles; 96-gallon carts	Mid Valley MRF



CITY OF COALINGA
The Sunny Side of the Valley

City of Coalinga

The City of Coalinga has a population of 13,380 and encompasses 5.94 square miles. MVD provides a full range of residential collection services which include a true organics program. In addition to the residential collection services provided, MVD also provides commercial solid waste and recycling collection and provides roll-off service.

Sector/Program	Materials Collected	Units Served/ Annual Tons	Equipment Used/ Collection System	Processing/Transfer/ Disposal Site
RESIDENTIAL PROGRAM INFORMATION				
Residential Single-family Solid Waste Collection	MSW	3400/ 2631.86 tons	(1) Automated Side-loader vehicles - 96-gallon carts	Avenal Landfill
Residential Single-family Recycling Collection and Processing	Newspaper; mixed paper; OCC; glass bottles/jars; tin/aluminum cans; plastics 1-7; scrap metal.	3400/ 1083.30 tons	(1) Automated Side-loader vehicles; 96-gallon carts	Mid Valley MRF
Residential Multi-family Recycling Collection and Processing	Same as above.	38 complexes - 850 units/ Tons included in SFD figure	Shares SFD collection equipment, above.	Avenal Landfill
Residential Organics Collection	Clean yard waste mixed with food waste.	3400/ 1731.83 tons	(2) Automated Side-loader vehicles	Mid Valley MRF



Fresno County Unincorporated

MVD provides a full range of residential collection services to 1,793 residential customers in the unincorporated area in Fresno County, which includes a true organics program. In addition to the residential collection services provided, MVD also provides commercial solid waste and recycling collection to over 2,400 accounts and provides roll-off service.

Sector/Program	Materials Collected	Units Served/ Annual Tons	Equipment Used/ Collection System	Processing/Transfer/ Disposal Site
RESIDENTIAL PROGRAM INFORMATION				
Residential Single-family Solid Waste Collection	MSW	1793/ 2627.77 tons	(2) Automated Side-loader Split Body vehicles 96-gallon carts (1) Automated Side-loader vehicles 96-gallon carts	American Ave
Residential Single-family Recycling Collection and Processing	Newspaper; mixed paper; OCC; glass bottles/jars; tin/aluminum cans; plastics 1-7; scrap metal.	1686/ 1393.51 tons	(2) Automated Side-loader Split Body vehicles 96-gallon carts (1) Automated Side-loader vehicles 96-gallon carts	Mid Valley MRF
Residential Multi-family Recycling Collection and Processing	Same as above.	115 complexes - 6000 units/ Tons included in SFD figure	Shares SFD collection equipment, above.	Mid Valley MRF
Residential Organics Collection	Clean yard waste mixed with food waste.	188/ 110.20 tons	(1) Automated Side-loader vehicles	Mid Valley MRF



City of Kerman

The City of Kerman has a population of 13,544 and encompasses 3.2 square miles. MVD provides a full range of residential collection services which include a true organics program. In addition to the residential collection services provided, MVD also provides commercial solid waste and recycling collection and provides roll-off service.

Sector/Program	Materials Collected	Units Served/ Annual Tons	Equipment Used/ Collection System	Processing/Transfer/ Disposal Site
RESIDENTIAL PROGRAM INFORMATION				
Residential Single-family Solid Waste Collection	MSW	2801/ 2897.07 tons	(1) Automated Side-loader vehicles –96-gallon carts	American Ave
Residential Single-family Recycling Collection and Processing	Newspaper; mixed paper; OCC; glass bottles/jars; tin/aluminum cans; plastics 1-7; scrap metal.	2801/ 756.63 tons	(1) Automated Side-loader vehicles; 96-gallon carts	Mid Valley MRF
Residential Multi-family Recycling Collection and Processing	Same as above.	41 complexes - 815units/ Tons included in SFD figure	Shares SFD collection equipment, above.	American Ave
Residential Organics Collection	Clean yard waste mixed with food waste.	2801/ 2123.17 tons	(1) Automated Side-loaders	Mid Valley MRF



County of Kings

MVD provides solid waste collection to 2,182 residential customers in the unincorporated area of Kings County. In addition to the residential collection services provided, MVD also provides commercial collection to 703 accounts and roll-off service.

Sector/Program	Materials Collected	Units Served/ Annual Tons	Equipment Used/ Collection System	Processing/Transfer/ Disposal Site
RESIDENTIAL PROGRAM INFORMATION				
Residential Single-family Solid Waste Collection	MSW	2182/ 2608.71 tons	(2) Automated Side- loader vehicles – 20-, 32-, 64-, 96-gallon carts	KWRA

EXHIBIT G

SCHEDULE FOR LIQUIDATED DAMAGES

Contractor may be assessed Liquidated Damages pursuant to Section 13.5 if Contractor fails to fulfill its obligations with regards to the events listed in this Exhibit in accordance with the terms and conditions of the Agreement with regards to the time frame for accomplishing each event and nature of the responsibility associated with the event, unless otherwise stated in this Exhibit.

COLLECTION RELIABILITY

1.	Maintain Collection Schedule. For failure to Collect from all Customers on a route on the scheduled day (unless non-Collection was warranted pursuant to this Agreement)	\$25/ Cart
2.	Start New Customer. For each failure over five (5) during Rate Period to commence service to a new Customer within seven (7) calendar days after order received and account number established	\$150/ event
3.	Missed Pick-Ups. For each failure over fifteen (15) during Rate Period to Collect Solid Waste, Recyclable Materials, or Organic Materials, which has been properly set out for Collection by a Customer or City on the scheduled Collection day	\$150/ event
4.	Collection of Missed Pick-Ups. For each failure to Collect missed Carts after notice from Customer within twenty-four (24) hours of receipt of the Complaint	\$300/ event
5.	Consecutive Missed Pick-Ups. For each failure to Collect Solid Waste, Recyclable Materials or Organic Materials which has been properly set out for Collection, from the same Customer or City location on two (2) consecutive scheduled pick ups	\$150/ event

COLLECTION QUALITY

6.	Leaks, Litter, or Spills. For each occurrence over five (5) during the Rate Period of unreasonable leaks, litter, or spills of Solid Waste, Recyclable Materials, or Organic Materials near Carts or on public streets and failure to pick up or clean up such material immediately	\$300/ event
7.	Improper Cart Placement. For each occurrence over twelve (12) during the Rate Period of failure to replace Cart in original position, upright, with lids attached to or on Carts	\$150/ event
8.	Care of Private Property. For each failure over twenty-four (24) during the Rate Period of not closing a Customer's gate, crossing planted areas, or damaging private property (including private vehicles)	\$300/ event

9.	Repair of Private Property. For each occurrence over five (5) during the Rate Period of failure to repair damage to property within thirty (30) days of the date the damage was reported	\$250/ event
10.	Unauthorized Collection Hours. For each occurrence over five (5) the during Rate Period of Collecting Solid Waste, Recyclable Materials, and Organic Materials during unauthorized hours	\$300/ event
11.	Excessive Noise. For each occurrence over twelve (12) during the Rate Period of excessive noise	\$300/ event
12.	Non-Collection Tags. For each failure over twelve (12) during the Rate Period of not tagging Carts which have not been Collected explaining the reason for non-Collection	\$150/ event
13.	Cleaning Collection Vehicles. For each occurrence over five (5) during the Rate Period of failure to clean Collection vehicles one time per week	\$150/ event
14.	Discourteous Behavior. For each occurrence of discourteous behavior by Collection vehicle personnel, Customer service personnel, or other employees of Contractor	\$500/ event
15.	Injuries to Others. For each incident of personal injury to a Person requiring medical treatment or hospitalization, where the negligence of the Contractor or its personnel was a contributing factor to the injury	\$5,000/ incident

CUSTOMER SERVICE RESPONSIVENESS

16.	Call Responsiveness. For each failure to answer the telephone during business hours specified in the Agreement or failure for answering machine to record call during non-business hours specified in the Agreement	\$300/ event
17.	30-Second Average Speed of Answer. Failure to answer ninety percent (90%) of calls received during office hours within thirty (30) seconds	\$25/ call
18.	3-Minute Average Speed of Answer. Failure to answer 99.5 percent of calls received during office hours within three (3) minutes	\$25/ call
19.	After-Hours Call Returns. Failure to return 99.5 percent of calls received on Contractor's answering machine before noon of the following Business Day	\$25/ call
20.	Complaint Level. Failure to maintain Complaint level below 0.005% where the percent is calculated equal to the number of Complaints divided by the total service opportunities (the total lifts performed in the reporting period)	\$10,000/ quarter
21.	Respond to Complaint or Service Request. For each failure to inform Customer, within Business Day of receipt of the Complaint or service request, of the action Contractor will take to remedy a Complaint or to respond to a service request	\$300/ event

22.	Resolve Complaint or Service Request. For each failure to resolve or remedy a Complaint or Service Request within five (5) Business Days of receipt of Complaint or Service Request with the exception of missed pick-ups which are addressed below	\$300/ event
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REPORTING AND NOTICING

23.	Monthly Reports. Failure to submit monthly reports in the timeframe specified in this Agreement	\$100/ day report is overdue
24.	Quarterly Reports. Failure to submit quarterly reports in the timeframe specified in this Agreement	\$200/ day report is overdue
25.	Annual Reports. Failure to submit annual reports in the timeframe specified in this Agreement.	\$300/ day report is overdue
26.	Report Hazardous Waste. For each failure to notify the appropriate authorities of reportable quantities of Hazardous Waste	\$500/ event
27.	Application for Contractor's Compensation. Failure to submit application for Contractor's Compensation in accordance with the timeframe established in the Agreement	\$300/ day report is overdue

PUBLIC EDUCATION

28.	Newsletter. Failure to prepare and mail semi-annual newsletter to all Customers by the end of the year or middle of the year	\$150/ day for each day until mailer is sent
29.	Initial Mailing to Businesses. Failure to send initial mailing to businesses on or before the date specified in the implementation plan in Exhibit D	\$300/ day for each day until mailer is sent
30.	Mailers to Businesses. Failure to prepare and distribute "how-to" brochures	\$150/ day
31.	Targeted Outreach. Failure to conduct on-site Customer outreach and waste audits as required by Section 7.1	\$250/ Customer per Rate Period

OTHER

32.	Disposal of Organic Materials. For each Ton of Organic Materials Disposed of without written approval of the City	\$250/ Ton
33.	Comingling of City Waste with Other Jurisdictions. For each occurrence of Contractor mixing Solid Waste, Recyclable Materials, and Organic Materials Collected in the City with other materials collected from other jurisdictions before the City's material has been accurately weighed and recorded. Each occurrence shall include all material collected by a single vehicle in one delivery to a facility	\$500/ event
34.	Use of Unauthorized Facilities. For each Ton of Solid Waste, Recyclable Materials, or Organic Materials Disposed or Processed at a facility not approved for use under the provisions of this Agreement	\$250/ Ton
35.	Maintain Web Site. Failure to maintain accurate and complete web site dedicated to the services Contractor provides the City	\$150/ day
36.	Transition to Next Contractor. Failure(s) to take direction from City, provide data requested by City within twenty (20) Business Days of such a request, or fully cooperate with the City and/or next contractor as required by Section 4.7	\$50,000
37.	Failure to Perform Other Obligations. Failure to perform any of the obligations set forth in this Agreement not specifically stated above and not corrected, or proceeding in good faith to correct, within twenty-four (24) hours of notification by City:	\$150/ for each obligation per day until obligation is performed

In placing designee's initials at the places provided, each Party specifically confirms the accuracy of the statements made above and the fact that each Party has had ample opportunity to consult with legal counsel and obtain an explanation of Liquidated Damage provisions of the time that the Agreement was made.

Contractor

City

Initial Here: _____

Initial Here: _____